

FeatureGroup IP*

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RE: WC Docket No. 07-256; *FeatureGroup IP Petition For Forbearance From Section 251(g) of the Communications Act and Sections 51.701(b)(1) and 69.5(b) Of The Commission's Rules*
and
CC Docket No. 01-92; *Developing a Unified Intercarrier Compensation Regime*

Dear Mr. Douglas:

Thank you for your response dated January 28, 2008, to my January 15 letter concerning the Feature Group IP invitation to NECA and its Non-RBOC members to engage in discussions about resolving interconnection issues between users of Internet communications and consumers on the narrowband public switched telephone network.

I fear that your dismissive response brings us no closer to the day when we may maximize the power of the Internet to enhance the nature and value of communications for American consumers, particularly rural consumers. America will slip further down in the ranks of nations harnessing the Internet and advanced communications as a tool for business and the social good if incumbents persist in trying to maintain rigid control of their users' available communications choices by even more strongly yoking our society to legacy technologies and business models. You should be evolving your networks so they seamlessly interoperate with the Internet rather than trying to get regulators to issue a *fiat* requiring the Internet to dumb itself down to the PSTN. I caution you to be a bit more humble about the economic power you can exert over the long term. The day may come when the Internet charges you for the privilege of causing your phone to ring.

Your letter and FCC pleading make clear that we still disagree as to whether or not an IP-enabled service or application that has a voice component qualifies as "enhanced" under existing rules and is entitled to non-carrier treatment under Part 69. I, however, am confident that the forward-looking regulators at the FCC will moot this issue upon grant of the Feature Group IP Petition. But for now I think we both could be missing an important opportunity to resolve our technical and financial disputes over Internet/PSTN interconnection and interoperability in a way that maximizes the value for

"FeatureGroup IP" is the trade name for each of a set of affiliated companies individually known as FeatureGroup IP North LLC, FeatureGroup IP Southeast LLC, FeatureGroup IP Southwest LLC, FeatureGroup IP West LLC and UTEX Communications Corp. d/b/a FeatureGroup IP

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each of our members and customers. This can be a "win/win" if both sides decide to compromise rather than overreaching for total victory.

The thing that confuses me the most about your position is that – just a few years ago – when narrowband networks initiated calls to the Internet, NECA was arguing it should pay a unitary low rate or even enjoy "bill and keep." Now that the Internet is calling rather than the other way around NECA wants to be paid a very high price. What you consistently fail to understand, however, is that regardless of whether your network is originating or terminating, your users are merely using their telephone exchange service; they are not making or receiving telephone toll calls. And, more important, both parties to the call session derive value – so it seems incongruous from an economic perspective to force a "calling network pays access" regime on this fundamentally different communications form. Your position makes clear that you and your members have absolutely no idea what your own users are doing and how our society has evolved with regard to communications.

All users (new technology and old technology) can benefit from the network effects created by interconnecting and interoperating the Internet and the PSTN in the most technologically and economically efficient manner. Legacy "TDM" no longer represents technological efficiency by any means. It seems absurd that the controllers of the narrowband PSTN should be entitled to extract monopoly rents purely because they have limited their own users to narrowband access. I do not understand why narrowband PSTN providers want to prevent their customers from fully participating in the Internet communications revolution. Access by or to narrowband customers is not so special and so qualitatively better than access by or to broadband Internet users that LECs should be entitled to payment for a "call" that is free when both users are on broadband. Do you not realize that you are trying to force payment when the quality is less than where it is free? I urge you to let your narrowband customers participate in the network effects and the evolutionary and revolutionary consequences of Internet-based communications.

Your position ultimately reduces to the proposition that a SIP client on a broadband user's PC becomes a carrier if the user tries to establish a call session to one of your narrowband users. I see no law, regulation or legitimate forward-looking policy objective that can reasonably lead one to conclude that an application on a computer is a carrier just because the media session includes the human voice. Are your members truly suggesting – like America's Carriers Telecommunication Association did in 1996 – that software providers are carriers and it is "not in the public interest to permit long distance service to be given away, depriving those who must maintain the telecommunications infrastructure of the revenue to do so?"

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On behalf of the new technology vendors, users and providers whose traffic traverses our network, I genuinely wish to negotiate in good faith to see if there is some way that the parties can reach agreement on the interconnection and interoperation of our network and the networks controlled by non-RBOC NECA members, including reasonable reciprocal arrangements for traffic exchange. While of course we could use the process set out by §252 of the Act that is not the exclusive way this can be done although it may be that some or all of any agreement would have to be submitted for approval under §252(a).

Your letter implies that you are not presently interested in adapting your legacy networks to interoperate with other technology. Although I believe this attitude devalues the promise of Internet communications and stalls the day in which your customers might maximize their communications experience, I am willing to live within your strictures to some extent while maintaining some hope you will ultimately recognize the errors in your logic.

My proposal is relatively simple and uses the legacy numbering you demand:

1. We meet at agreed upon points to exchange the bearer portion of traffic that will be exchanged between the RLECs' networks and our network. We suggest that this can be done at each of 5 regional exchange points, established in existing "carrier hotels." We propose that this occur in Chicago, Dallas, Los Angeles, Miami and New York but are willing to consider other locations. The exchange of bearer traffic can occur in either "TDM" or IP format. If an RLEC prefers to have an exchange point within its own territory, then FeatureGroup IP would be willing to do so, if the RLEC provides a location for us to install a gateway and gives us Internet access at that location.
2. The parties signal to each other using SS-7 B-Links, with each party paying its own way. If an RLEC does not have its own STPs we will provide an A-Link to support signaling and will charge the RLEC a price for the signaling service at or below the price it currently pays. The SS7 signaling should provide the full functionality that SS7 provides including but not limited to both ISUP and TCAP.
3. The parties agree to route and exchange bearer traffic at § 252(d)(2)-compliant price for all traffic. We propose use of the FCC's \$0.0007, but we could also use state-specific TELRIC based rates or a reasonable proxy. We might be willing to apply a non-cost based rate if it is reciprocal, e.g., the RLEC pays us the same price for traffic that originates on the

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RLEC's network and FeatureGroup IP pays the same price for traffic handed off to the RLEC for termination.

4. Feature Group IP will place or cause to be placed on every outbound call a unique non-geographic number (the initial numbers will come from the 500-888 NPA-NXX) that corresponds to an IP-enabled application (e.g., Xbox, Skype, a voice recognition IM service, a voice e-mail service).
5. Initially, no Legacy Feature Group D Carriers will be allowed to use the Feature Group IP Service. In the event that you believe an ordinary IXC is routing PSTN-originated traditional telephone toll calls via our network, simply open up a test or trouble ticket and we will track the call and report call detail to you so that you can bill access charges to the ordinary IXC.¹
6. We both agree to let the FCC monitor the parties' good faith efforts to resolve any technical or policy issue that arises

All Americans, including your customers, should be able to realize what happens when different networks interconnect and interoperate. We and our respective users can all share the value that accrues from the combination of Reed's and Metcalf's law, but that can only be achieved when we create a ubiquitous, interoperable and seamlessly interconnected "network of networks" and one network does not preponderate over the others by demanding non-reciprocal, arbitrage-creating, technology-debilitating rents to all others merely so they can all intercommunicate. In an Internet-enabled world, consumers of narrowband PSTN service should not be precluded from fully participating in the digital Internet revolution because of a boycott by the cartel of telephone companies that are holding them hostage.

Your phone is ringing and you should answer. Please let me know if you, your colleagues, or your members want to have a conversation.

Sincerely,
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¹ No legacy carrier has ever asked us to test, but we are more than happy to do so. We believe that all but a negligible percentage of our traffic is natively originated in an IP format, and are more than willing test this belief in any reasonable way.